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HOUSE BILL 1234

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State of Washington

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2007 Regular Session

By Representatives Schual-Berke, Cody, Campbell, Seaquist, Morrell, Appleton, Wallace, B. Sullivan, Kagi, Kenney, Dickerson, Ormsby, Simpson and Moeller; by request of Insurance Commissioner

Read first time 01/15/2007. Referred to Committee on Health Care & Wellness.

1 AN ACT Relating to granting the insurance commissioner the  
2 authority to review individual health benefit plan rates; amending RCW  
3 48.18.110, 48.44.020, and 48.46.060; adding a new section to chapter  
4 48.43 RCW; and repealing RCW 48.20.025, 48.44.017, and 48.46.062.

5 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

6 **Sec. 1.** RCW 48.18.110 and 2000 c 79 s 2 are each amended to read  
7 as follows:

8 (1) The commissioner shall disapprove any such form of policy,  
9 application, rider, or endorsement, or withdraw any previous approval  
10 thereof, only:

11 (a) If it is in any respect in violation of or does not comply with  
12 this code or any applicable order or regulation of the commissioner  
13 issued pursuant to the code; or

14 (b) If it does not comply with any controlling filing theretofore  
15 made and approved; or

16 (c) If it contains or incorporates by reference any inconsistent,  
17 ambiguous or misleading clauses, or exceptions and conditions which  
18 unreasonably or deceptively affect the risk purported to be assumed in  
19 the general coverage of the contract; or

1 (d) If it has any title, heading, or other indication of its  
2 provisions which is misleading; or

3 (e) If purchase of insurance thereunder is being solicited by  
4 deceptive advertising.

5 (2) In addition to the grounds for disapproval of any such form as  
6 provided in subsection (1) of this section, the commissioner may  
7 disapprove any form of disability insurance policy(~~(, except an~~  
8 ~~individual health benefit plan,~~)) if the benefits provided therein are  
9 unreasonable in relation to the premium charged. Rates, or any  
10 modification of rates, for individual health benefit plans may not be  
11 used until sixty days after they are filed with the commissioner.

12 **Sec. 2.** RCW 48.44.020 and 2000 c 79 s 28 are each amended to read  
13 as follows:

14 (1) Any health care service contractor may enter into contracts  
15 with or for the benefit of persons or groups of persons which require  
16 prepayment for health care services by or for such persons in  
17 consideration of such health care service contractor providing one or  
18 more health care services to such persons and such activity shall not  
19 be subject to the laws relating to insurance if the health care  
20 services are rendered by the health care service contractor or by a  
21 participating provider.

22 (2) The commissioner may on examination, subject to the right of  
23 the health care service contractor to demand and receive a hearing  
24 under chapters 48.04 and 34.05 RCW, disapprove any individual or group  
25 contract form for any of the following grounds:

26 (a) If it contains or incorporates by reference any inconsistent,  
27 ambiguous or misleading clauses, or exceptions and conditions which  
28 unreasonably or deceptively affect the risk purported to be assumed in  
29 the general coverage of the contract; or

30 (b) If it has any title, heading, or other indication of its  
31 provisions which is misleading; or

32 (c) If purchase of health care services thereunder is being  
33 solicited by deceptive advertising; or

34 (d) If it contains unreasonable restrictions on the treatment of  
35 patients; or

36 (e) If it violates any provision of this chapter; or

1 (f) If it fails to conform to minimum provisions or standards  
2 required by regulation made by the commissioner pursuant to chapter  
3 34.05 RCW; or

4 (g) If any contract for health care services with any state agency,  
5 division, subdivision, board, or commission or with any political  
6 subdivision, municipal corporation, or quasi-municipal corporation  
7 fails to comply with state law.

8 (3) In addition to the grounds listed in subsection (2) of this  
9 section, the commissioner may disapprove any (~~group~~) contract if the  
10 benefits provided therein are unreasonable in relation to the amount  
11 charged for the contract. Rates, or any modification of rates, for  
12 individual health benefit plans may not be used until sixty days after  
13 they are filed with the commissioner.

14 (4)(a) Every contract between a health care service contractor and  
15 a participating provider of health care services shall be in writing  
16 and shall state that in the event the health care service contractor  
17 fails to pay for health care services as provided in the contract, the  
18 enrolled participant shall not be liable to the provider for sums owed  
19 by the health care service contractor. Every such contract shall  
20 provide that this requirement shall survive termination of the  
21 contract.

22 (b) No participating provider, agent, trustee, or assignee may  
23 maintain any action against an enrolled participant to collect sums  
24 owed by the health care service contractor.

25 **Sec. 3.** RCW 48.46.060 and 2000 c 79 s 31 are each amended to read  
26 as follows:

27 (1) Any health maintenance organization may enter into agreements  
28 with or for the benefit of persons or groups of persons, which require  
29 prepayment for health care services by or for such persons in  
30 consideration of the health maintenance organization providing health  
31 care services to such persons. Such activity is not subject to the  
32 laws relating to insurance if the health care services are rendered  
33 directly by the health maintenance organization or by any provider  
34 which has a contract or other arrangement with the health maintenance  
35 organization to render health services to enrolled participants.

36 (2) All forms of health maintenance agreements issued by the  
37 organization to enrolled participants or other marketing documents

1 purporting to describe the organization's comprehensive health care  
2 services shall comply with such minimum standards as the commissioner  
3 deems reasonable and necessary in order to carry out the purposes and  
4 provisions of this chapter, and which fully inform enrolled  
5 participants of the health care services to which they are entitled,  
6 including any limitations or exclusions thereof, and such other rights,  
7 responsibilities and duties required of the contracting health  
8 maintenance organization.

9 (3) Subject to the right of the health maintenance organization to  
10 demand and receive a hearing under chapters 48.04 and 34.05 RCW, the  
11 commissioner may disapprove an individual or group agreement form for  
12 any of the following grounds:

13 (a) If it contains or incorporates by reference any inconsistent,  
14 ambiguous, or misleading clauses, or exceptions or conditions which  
15 unreasonably or deceptively affect the risk purported to be assumed in  
16 the general coverage of the agreement;

17 (b) If it has any title, heading, or other indication which is  
18 misleading;

19 (c) If purchase of health care services thereunder is being  
20 solicited by deceptive advertising;

21 (d) If it contains unreasonable restrictions on the treatment of  
22 patients;

23 (e) If it is in any respect in violation of this chapter or if it  
24 fails to conform to minimum provisions or standards required by the  
25 commissioner by rule under chapter 34.05 RCW; or

26 (f) If any agreement for health care services with any state  
27 agency, division, subdivision, board, or commission or with any  
28 political subdivision, municipal corporation, or quasi-municipal  
29 corporation fails to comply with state law.

30 (4) In addition to the grounds listed in subsection (2) of this  
31 section, the commissioner may disapprove any (~~group~~) agreement if the  
32 benefits provided therein are unreasonable in relation to the amount  
33 charged for the agreement. Rates, or any modification of rates, for  
34 individual health benefit plans may not be used until sixty days after  
35 they are filed with the commissioner.

36 (5) No health maintenance organization authorized under this  
37 chapter shall cancel or fail to renew the enrollment on any basis of an  
38 enrolled participant or refuse to transfer an enrolled participant from

1 a group to an individual basis for reasons relating solely to age, sex,  
2 race, or health status. Nothing contained herein shall prevent  
3 cancellation of an agreement with enrolled participants (a) who violate  
4 any published policies of the organization which have been approved by  
5 the commissioner, or (b) who are entitled to become eligible for  
6 medicare benefits and fail to enroll for a medicare supplement plan  
7 offered by the health maintenance organization and approved by the  
8 commissioner, or (c) for failure of such enrolled participant to pay  
9 the approved charge, including cost-sharing, required under such  
10 contract, or (d) for a material breach of the health maintenance  
11 agreement.

12 (6) No agreement form or amendment to an approved agreement form  
13 shall be used unless it is first filed with the commissioner.

14 NEW SECTION. **Sec. 4.** A new section is added to chapter 48.43 RCW  
15 to read as follows:

16 (1) The commissioner may take into consideration the surplus of the  
17 carrier when reviewing a rate increase.

18 (2) The commissioner may adopt rules setting standards for taking  
19 into consideration a carrier's surplus when reviewing rate filings.

20 NEW SECTION. **Sec. 5.** The following acts or parts of acts are each  
21 repealed:

22 (1) RCW 48.20.025 (Schedule of rates for individual health benefit  
23 plans--Loss ratio--Remittance of premiums--Definitions) and 2003 c 248  
24 s 8, 2001 c 196 s 1, & 2000 c 79 s 3;

25 (2) RCW 48.44.017 (Schedule of rates for individual contracts--Loss  
26 ratio--Remittance of premiums--Definitions) and 2001 c 196 s 11 & 2000  
27 c 79 s 29; and

28 (3) RCW 48.46.062 (Schedule of rates for individual agreements--  
29 Loss ratio--Remittance of premiums--Definitions) and 2001 c 196 s 12 &  
30 2000 c 79 s 32.

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